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**STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
CONSUMER SERVICES DIVISION**

IN THE MATTER OF DETERMINING  
Whether there has been a violation of the  
Mortgage Broker Practices Act of Washington by:

MARTIN E. FRANCIS, Designated Broker for  
FINANCIAL CENTER MORTGAGES &  
INVESTMENTS, LLC

Respondent.

NO. C-04-043-04-SC01

STATEMENT OF CHARGES and  
NOTICE OF INTENTION TO ENTER  
AN ORDER TO REMOVE FROM OFFICE  
AND PROHIBIT FROM INDUSTRY

INTRODUCTION

Pursuant to RCW 19.146.220 and RCW 19.146.223, the Director of the Department of Financial Institutions of the State of Washington ("Director") is responsible for the administration of chapter 19.146 RCW, the Mortgage Broker Practices Act ("Act"). The referenced statutes (RCW) and rules (WAC) are attached, in pertinent part. After having conducted an investigation pursuant to RCW 19.146.235, and based upon the facts available as of March 25, 2004 the Director institutes this proceeding and finds as follows:

I. FACTUAL ALLEGATIONS

**1.1 Respondent Martin E. Francis ("Respondent")** was named Designated Broker for Financial Center Mortgages & Investments, Inc. ("FCMI"), on December 20, 2001. Respondent has continued as Designated Broker to date. FCMI was issued a license by the Department of Financial Institutions of the State of Washington ("Department") to conduct the business of Mortgage Broker as a corporation named "Financial Center Mortgages & Investments, Inc." on December 20, 2001. FCMI notified the Department of a change in name and the conversion to a Limited Liability Corporation by Amendment Application dated February 19, 2004.

**1.2 Conviction of a Felony:** On October 30, 2003, Respondent pled guilty to one count of violating 18 USC 1956(a)(1)(B)(i) and (3) (Money Laundering and Aiding and Assisting an Offender) in the United States

STATEMENT OF CHARGES  
C-04-043-04-SC01  
Martin E. Francis, Designated Broker for  
Financial Center Mortgages & Investments, LLC

DEPARTMENT OF FINANCIAL INSTITUTIONS  
Division of Consumer Services  
150 Israel Rd SW  
PO Box 41200  
Olympia, WA 98504-1200  
(360) 902-8795

1 District Court for the District of Oregon. On February 24, 2004, Respondent was sentenced to fifteen (15)  
2 months in prison and ordered to pay a fine of \$25,000.00 and a special assessment of \$100.00.

3 **1.3 On-Going Investigation:** The Department's investigation into the alleged violations of the Act by  
4 Respondent continues to date.

## 5 **II. GROUNDS FOR ENTRY OF ORDER**

6 **2.1 Authority to Prohibit from the Industry:** Pursuant to RCW 19.146.220(2)(e)(iii) and WAC 208-660-  
7 160(4), the Director may prohibit from participation in the conduct of the affairs of a licensed mortgage broker,  
8 any officer, principal, employee, or loan originator of any licensed mortgage broker or any person subject to  
9 licensing under the Act for conviction of a gross misdemeanor involving dishonesty or financial misconduct or  
10 a felony after obtaining a license.

## 11 **III. NOTICE OF INTENTION TO ENTER ORDER**

12 Respondent's violations of the provisions of chapter 19.146 RCW and chapter 208-660 WAC, as set forth  
13 in the above Factual Allegations and Grounds for Entry of Order, constitute a basis for the entry of an Order under  
14 RCW 19.146.220, RCW 19.146.221 and RCW 19.146.223. Therefore, it is the Director's intention to ORDER  
15 that:

16 3.1 Respondent Martin E. Francis be removed as Designated Broker of Financial Center Mortgages &  
Investments, LLC; and

17 3.2 Respondent Martin E. Francis be prohibited from participation in the conduct of the affairs of any  
18 licensed mortgage broker, in any manner, for a period of ten (10) years.


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#### IV. AUTHORITY AND PROCEDURE

This Statement of Charges and Notice of Intention to Enter an Order to Remove from Office and Prohibit from Industry is entered pursuant to the provisions of RCW 19.146.220, RCW 19.146.221, RCW 19.146.223 and RCW 19.146.230, and is subject to the provisions of chapter 34.05 RCW (The Administrative Procedure Act). Respondent may make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this Statement of Charges and Notice of Intention to Enter an Order to Remove from Office and Prohibit from Industry.

Dated this 8th day of April, 2004.

  
CHUCK CROSS  
Acting Director and Enforcement Chief  
Division of Consumer Services  
Department of Financial Institutions

Presented by:

  
Mark T. Olson  
Financial Examiner



**RCW 19.146.220 Director -- Powers and duties -- Violations as separate violations -- Rules.**

(1) The director shall enforce all laws and rules relating to the licensing of mortgage brokers, grant or deny licenses to mortgage brokers, and hold hearings.

(2) The director may impose the following sanctions:

(a) Deny applications for licenses for: (i) Violations of orders, including cease and desist orders issued under this chapter; or (ii) any violation of RCW 19.146.050 or 19.146.0201 (1) through (9);

(b) Suspend or revoke licenses for:

(i) False statements or omission of material information on the application that, if known, would have allowed the director to deny the application for the original license;

(ii) Failure to pay a fee required by the director or maintain the required bond;

(iii) Failure to comply with any directive or order of the director; or

(iv) Any violation of RCW 19.146.050, 19.146.060(3), 19.146.0201 (1) through (9) or (12), 19.146.205(4), or 19.146.265;

(c) Impose fines on the licensee, employee or loan originator of the licensee, or other person subject to this chapter for:

(i) Any violations of RCW 19.146.0201 (1) through (9) or (12), 19.146.030 through 19.146.080, 19.146.200, 19.146.205(4), or 19.146.265; or

(ii) Failure to comply with any directive or order of the director;

(d) Issue orders directing a licensee, its employee or loan originator, or other person subject to this chapter to:

(i) Cease and desist from conducting business in a manner that is injurious to the public or violates any provision of this chapter; or

(ii) Pay restitution to an injured borrower; or

(e) Issue orders removing from office or prohibiting from participation in the conduct of the affairs of a licensed mortgage broker, or both, any officer, principal, employee, or loan originator of any licensed mortgage broker or any person subject to licensing under this chapter for:

(i) Any violation of 19.146.0201 (1) through (9) or (12), 19.146.030 through 19.146.080, 19.146.200, 19.146.205(4), or 19.146.265; or

(ii) False statements or omission of material information on the application that, if known, would have allowed the director to deny the application for the original license;

(iii) Conviction of a gross misdemeanor involving dishonesty or financial misconduct or a felony after obtaining a license; or

(iv) Failure to comply with any directive or order of the director.

(3) Each day's continuance of a violation or failure to comply with any directive or order of the director is a separate and distinct violation or failure.

(4) The director shall establish by rule standards for licensure of applicants licensed in other jurisdictions.

(5) The director shall immediately suspend the license or certificate of a person who has been certified pursuant to RCW 74.20A.320 by the department of social and health services as a person who is not in compliance with a support order or a \*residential or visitation order. If the person has continued to meet all other requirements for reinstatement during the suspension, reissuance of the license or certificate shall be automatic upon the director's receipt of a release issued by the department of social and health services stating that the licensee is in compliance with the order.

[1997 c 106 § 12; 1997 c 58 § 879; 1996 c 103 § 1; 1994 c 33 § 12; 1993 c 468 § 8.]

**RCW 19.146.221 Action by director -- Hearing -- Sanction.**

The director may, at his or her discretion and as provided for in \*RCW 19.146.220(2), take any action specified in RCW 19.146.220(1). If the person subject to such action does not appear in person or by counsel at the time and place designated for any administrative hearing that may be held on the action then the person shall be deemed to consent to the action. If the person subject to the action consents, or if after hearing the director finds by a preponderance of the evidence that any grounds for sanctions under this chapter exist, then the director may impose any sanction authorized by this chapter.

[1994 c 33 § 13.]

**RCW 19.146.223 Director -- Administration and interpretation.**

The director shall have the power and broad administrative discretion to administer and interpret the provisions of this chapter to fulfill the intent of the legislature as expressed in RCW 19.146.005.

[1994 c 33 § 2.]

**RCW 19.146.230 Administrative procedure act application.**

The proceedings for denying license applications, issuing cease and desist orders, suspending or revoking licenses, and imposing civil penalties or other remedies issued pursuant to this chapter and any appeal therefrom or review thereof shall be governed by the provisions of the administrative procedure act, chapter 34.05 RCW.

[1994 c 33 § 16; 1993 c 468 § 10.]

**RCW 19.146.235 Director -- Investigation powers -- Duties of person subject to examination or investigation.**

For the purposes of investigating complaints arising under this chapter, the director may at any time, either personally or by a designee, examine the business, including but not limited to the books, accounts, records, and files used therein, of every licensee and of every person engaged in the business of mortgage brokering, whether such a person shall act or claim to act under or without the authority of this chapter. For that purpose the director and designated representatives shall have access during regular business hours to the offices and places of business, books, accounts, papers, records, files, safes, and vaults of all such persons.

The director or designated person may direct or order the attendance of and examine under oath all persons whose testimony may be required about the loans or the business or subject matter of any such examination or investigation, and may direct or order such person to produce books, accounts, records, files, and any other documents the director or designated person deems relevant to the inquiry. If a person who receives such a directive or order does not attend and testify, or does not produce the requested books, records, files, or other documents within the time period established in the directive or order, then the director or designated person may issue a subpoena requiring attendance or compelling production of books, records, files, or other documents. No person subject to examination or investigation under this chapter shall withhold, abstract, remove, mutilate, destroy, or secrete any books, records, computer records, or other information.

Once during the first two years of licensing, the director may visit, either personally or by designee, the licensee's place or places of business to conduct a compliance examination. The director may examine, either personally or by designee, a sample of the licensee's loan files, interview the licensee or other designated employee or independent contractor, and undertake such other activities as necessary to ensure that the licensee is in compliance with the provisions of this chapter. For those licensees issued licenses prior to March 21, 1994, the cost of such an examination shall be considered to have

1 been prepaid in their license fee. After this one visit within the two-year period subsequent to issuance of a license, the  
2 director or a designee may visit the licensee's place or places of business only to ensure that corrective action has been  
3 taken or to investigate a complaint.

4 [1997 c 106 § 14; 1994 c 33 § 17; 1993 c 468 § 11.]

5 **WAC 208-660-160 License application denial or condition; license suspension or revocation.**

6 The director may deny or condition approval of a license application, or suspend or revoke a license if the applicant or  
7 licensee, or any principal or designated broker of the applicant or licensee:

8 ...  
9 (4) Has within the prior seven years been convicted of a felony, or a gross misdemeanor involving dishonesty or  
10 financial misconduct;  
11 ...

12 [Statutory Authority: RCW 43.320.010, 19.146.223. 01-01-044, § 208-660-160, filed 12/8/00, effective 1/8/01; 96-04-028,  
13 recodified as § 208-660-160, filed 2/1/96, effective 4/1/96. Statutory Authority: RCW 19.146.225. 95-13-091, § 50-60-160,  
14 filed 6/21/95, effective 7/22/95. Statutory Authority: 1993 c 468 § 9. 94-03-009, § 50-60-160, filed 1/7/94, effective  
15 2/7/94.]